



ARIZONA DEPARTMENT OF ECONOMIC SECURITY
UNEMPLOYMENT INSURANCE EMPLOYER NEWSLETTER – JULY 2002

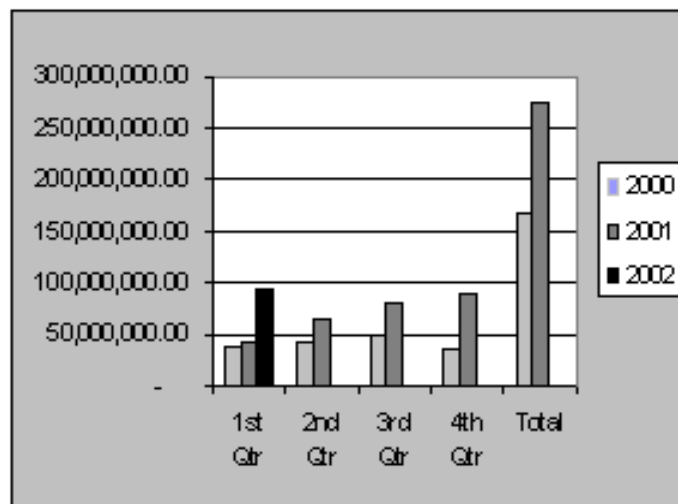
INCREASE IN UI BENEFITS PAID

The combined effects of the events of September 11th and a sluggish economy can be seen in the dramatic increase in unemployment benefits paid to claimants through the first quarter of this year.

The graph below compares first quarter benefits payments during 2000, 2001 and 2002. Between 2000 and 2001, there was an increase of .76 percent. However, between 2001 and 2002, there was an increase of 120.6 percent. The first quarter increase across the three years represents a total increase of 137.5 percent.

Other quarterly comparisons yield similarly dramatic increases. For example, comparing the fourth quarters of 2000 and 2001 shows an increase of 146.5 percent.

A key element in the calculation of unemployment insurance tax rates for calendar year 2003 will be the increases in benefit payments.



BLANK TAX AND WAGE REPORTING FORMS

Although the Arizona Department of Revenue has discontinued the quarterly mailing to employers of blank withholding tax forms, that change will not affect employers who receive blank forms to file Unemployment Insurance taxes.

Unemployment Tax and Wage Report forms will continue to be mailed to all liable employers in Arizona.

Blank Unemployment Tax and Wage Report forms are also available online at the UI Tax homepage at: <http://www.de.state.az.us/links/esa/index.html>. Look for "UI Tax Forms" under "Employer Information".

Blank DOR withholding forms can be downloaded from DOR's website at: <http://www.revenue.state.az.us>.

FRAUD REPORT

During the first quarter of 2002, there were 60 individuals convicted for unemployment benefits fraud. Collectively, they received the following sentences:

- Six years, two months total jail time
- \$864,956 in fines/restitution (year to date)

- 100.5 years probation
- 4,035 hours Community Service

Did you realize that you as employers perform a great service by reporting suspected Unemployment Insurance Fraud to the DES? Employers also assist fraud investigators by providing sufficient evidence to convict individuals who accept employment, but fail to report their return to work to the DES.

You can help combat fraud by reporting suspected violators to the DES/Office of Special Investigations Fraud Hotline at 1-800-251-2436. You can also help maintain the integrity of the UI program by cooperating with fraud investigators during their investigations.

UNEMPLOYMENT INSURANCE TAX REFUNDS

When filing Unemployment Tax and Wage Reports, employers occasionally overpay UI taxes, or pay tax for which the business is not liable. When that occurs, the employer is due a refund.

To request a refund of tax amounts overpaid, the employer must contact the Accounting Unit by e-mail, mail, fax, or phone. Contact information can be found at the close of this newsletter.

The employer must provide the business name, employer account number, and an explanation for the request. If the business or mailing address has changed recently, please provide the correct current mailing address as well.

However, refunds take time. When approved, the refund will be issued approximately 60 days after the Department receives the request.

Check the Math!

There are two common errors that result in overpayment of tax and therefore a refund:

The first is when the wrong tax rate is used. The correct rate is pre-printed on the Unemployment Tax and Wage Report mailed to employers each quarter.

The second most common mistake is calculating the tax using the wrong decimal equivalent. For example, when calculating the tax using a tax rate of 2.70%, the correct decimal equivalent is .027, not .27.

Whatever the employer's individual tax rate may be, it is always necessary to "check the math" to avoid overpaying taxes.

UNEMPLOYMENT INSURANCE TAX WEBSITE

As part of our commitment to continually improve service for Arizona employers and workers, UI forms and information are available online at the UI Tax website at: <http://www.de.state.az.us/links/esa/index.html>.

The website offers information about unemployment insurance benefits, and online employment information for job seekers. Resumes can be posted online by jobseekers, as well as reviewed by employers using America's Job Bank (<http://www.ajb.org>).

The UI Tax website also offers a wide array of information for Arizona employers. A downloadable version of the "Arizona Employer's Handbook" is available to answer questions about the Unemployment Insurance program in Arizona.

Information can also be found regarding UI Tax and Wage reporting requirements, New Hire reporting, Shared Work programs, the Arizona Job Training Tax, and services available to help employers hire qualified workers.

Tax Forms Available

The website offers a section with downloadable forms, including the "Unemployment Tax and Wage Report". There are forms to notify the Department about changes of address or ownership. The newly revised "Joint Tax Application", and the "Shared Work Application" are both available. Look for "UI Tax Forms" under "Employer Information."

All forms are available in Adobe PDF format. The Adobe Acrobat Reader can be downloaded directly from the website. With the Adobe Acrobat Reader, all forms can be filled out online and printed on the employer's printer.

To keep pace with technology, UI Tax is also developing “E-filing” options. Employers will be able to conveniently, accurately and securely file Unemployment Tax and Wage Reports and make tax payments online.

The Employer Newsletter will keep employers updated as these services become available.